

# **Strategic Planning in Mississippi State Government**

**Legislative Budget Office**

**Strategic Planning Training  
Aug. 13 - 14, 2014**

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- My budgets: Medicaid, Human Services, Rehabilitation Services
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## Our Goal Today

- Familiarize ourselves the new format for the *5-Year Strategic Plan* and the instructions to produce it

- Legislative leadership has asked LBO and PEER Committee staff to Reinvigorate and Re-emphasize

# Strategic Planning and Performance Measurement

# Definition of Strategic Planning

- Strategic planning is a review and planning process that is undertaken to make thoughtful decisions about an organization's future in order to ensure its success

# Strategic Planning:

- Determines correct actions to satisfy public expectations
- Establishes accountability for outcomes
- Allows for regular review and modification of the plan
- Should be realistic recognizing agency resource limitations (should not be “pie in the sky”)

# CONCEPTUAL FRAMEWORK

Strategic planning is a long-term, repetitious, and future-oriented process of assessment, goal setting, and decision-making

It includes a multiyear view of objectives and strategies for the accomplishment of agency goals

# CONCEPTUAL FRAMEWORK

Clearly defined results provide feedback that leads to program performance that influences future planning, resource allocation, and operating decisions

The strategic planning process incorporates and sets direction for all agency operations

# CONCEPTUAL FRAMEWORK

- An agency's strategic plan is a formal document that communicates its mission, philosophy, goals, and outcomes to various audiences, including elected officials, client and constituency groups, the public, and the agency's employees

# What's So Strategic About Strategic Planning?

Here is what “Strategic” Implies:

- Process
- Creative Thinking
- Teamwork
- Flexibility

# Strategic Planning

- Looks beyond the upcoming fiscal year to identify intermediate term and long-range goals and problems
- Formulates a plan to achieve these goals and solutions to these problems – in a proactive (rather than a reactive) manner

# Benefits of Strategic Planning

- Helps government demonstrate its accountability to the public in more objective terms
- Helps state agencies and the Legislature focus on what is truly important – what results are expected in exchange for the funds invested
- Gives agencies the opportunity for some “*Positive Public Relations*” aimed at the Legislature and the public

# Miss. Performance Budget and Strategic Planning Act of 1994

- This act creates a more “results oriented” budgeting system
- Links budgeting with long-range planning
- **HELPS TO AVOID CRISIS MANAGEMENT**

“Twenty years ago, the Legislature passed the **Mississippi Performance Budget and Strategic Planning Act of 1994**.

This framework was intended to create a more efficient, effective, transparent, and accountable state government.

While the act resulted in the annual creation of five-year strategic plans by all state agencies and the inclusion of program-based performance measures in agency budget requests, the utility of this information for making appropriation decisions has been limited.”

Source: *Improving Mississippi's Budgeting Process*, PEER, July 2014

*What steps is Mississippi taking to move performance budgeting forward?*

Mississippi's legislative leadership and staff identified three major steps designed to move performance budgeting forward:

1. Identify statewide priorities for the work of state government  
(Statewide Strategic Plan)

2. Create a comprehensive inventory of state agency programs,  
including the development and analysis of robust performance  
measures for each program

3. Implement the Pew-MacArthur Results First Initiative

# What is the Pew-MacArthur Results First Initiative?

The Pew-MacArthur Results First Initiative works with states to implement an innovative approach to evidence-based policymaking. The Results First cost-benefit analysis model was originally developed by the Washington State Institute for Public Policy and continues to be refined in partnership with that body. In implementing the model, states assess the universe of programs offered to determine which programs have been tested and are considered to be effective or promising, based on national research. States then compare the expense of public programs to the returns they deliver, enabling policymakers to direct limited dollars toward the most cost-effective programs and policies while curbing spending on those programs that have proven to be ineffective.

# Results First Pilot Agencies

- Department of Corrections
  - Department of Health
  - Department of Education
  - Department of Transportation
- 
- See House Bill 677, 2014 Regular Session

# Identification of Terms

- **Benchmark** – Used to describe performance measures in the eight key policy areas in the Statewide Strategic Plan
- **Elements of the Plan** – A general term to describe all of the parts of a Strategic Plan, i.e.: Mission, Philosophy, Goals, Objectives, Strategies, Outputs, Outcomes, Efficiency and *Explanatory* measures
- **Targets** – Performance measures listed in an agency's appropriation bill

## 1. Identify statewide priorities for the work of state government

Resulted in the creation of the first Statewide Strategic Plan entitled:

***Building a Better Mississippi, The Statewide Strategic Plan for Performance and Budgetary Success***

# Building a Better Mississippi

## The Statewide Strategic Plan for Performance and Budgetary Success

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8/13 July 2014

# *Why identify statewide priorities?*

By clearly identifying state government's vision, mission, philosophy, priority goals and benchmarks, the Legislature will help to align individual state agencies' strategic plans to achieve statewide priority goals and outcomes

This alignment is one of the biggest differences in this new Strategic Plan structure

- To the extent that state agencies' missions, philosophies, goals, and objectives align with statewide priorities, state agencies' performance data will provide a feedback loop that informs the Legislature of progress on statewide benchmarks

# Is Your Agency a Part of the Statewide Strategic Plan?

# Mission of Mississippi State Government

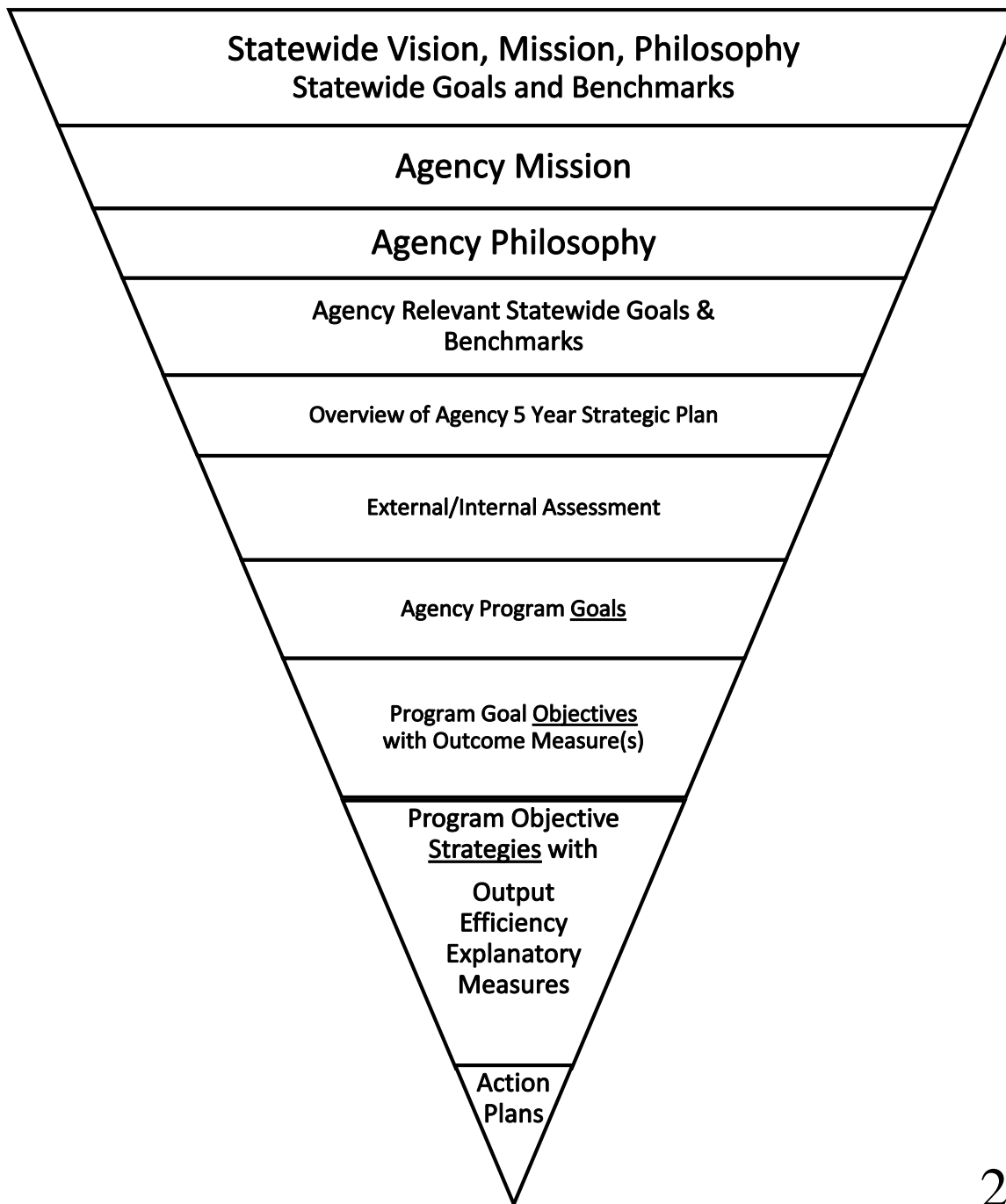
- Protect safety and well-being of citizens
- Preserve dignity of every human life
- Promote economic growth & the public good through advancement of the individual

**Does your agency do any of these?**

# Philosophy of Mississippi State Government

- Provide quality and appropriate services guided by:
  - Preserving liberty with the least intrusive government
  - Accountability and transparency – all levels of government
  - Ultimate value on efficiency and effectiveness of services to taxpayers and citizens

**Are these principles a part of your agency?**



# SUMMARY OF STRUCTURE

## PROGRAM 1.

### GOAL A:

#### OBJECTIVE A.1.:

*Outcome:*

##### A.1.1. STRATEGY:

*Output:*

*Efficiency:*

*Explanatory:*

##### A.1.2. STRATEGY:

*Output:*

*Efficiency:*

*Explanatory:*

##### A.1.3. STRATEGY:

*Output:*

*Efficiency:*

*Explanatory:*

# SUMMARY OF STRUCTURE

## OBJECTIVE A.2.:

*Outcome:*

### A.2.1. STRATEGY:

*Output:*

*Efficiency:*

*Explanatory:*

### A.2.2. STRATEGY:

*Output:*

*Efficiency:*

*Explanatory:*

### A.2.3. STRATEGY:

*Output:*

*Efficiency:*

*Explanatory:*

## **GOAL B:**

Repeat as above.

# Content of the Strategic Plan

At a minimum, a state agency's strategic plan should contain the following:

## **Agency Mission Statement**

Statement of Purpose

## **Statement of Agency Philosophy**

Values and Principles

## **Relevant Statewide Goals and Benchmarks**

The adoption of applicable statewide strategic plan performance priorities

## **Overview of the Agency 5-Year Strategic Plan**

A narrative overview which sets out the planned direction of the agency for the next five years

# Content of the Strategic Plan

## External/Internal Assessment

Factors to be considered that have an impact on the accomplishment of agency goals

## Agency Program Goals

A statement of purpose for each budgetary program

## Program Goal Objectives

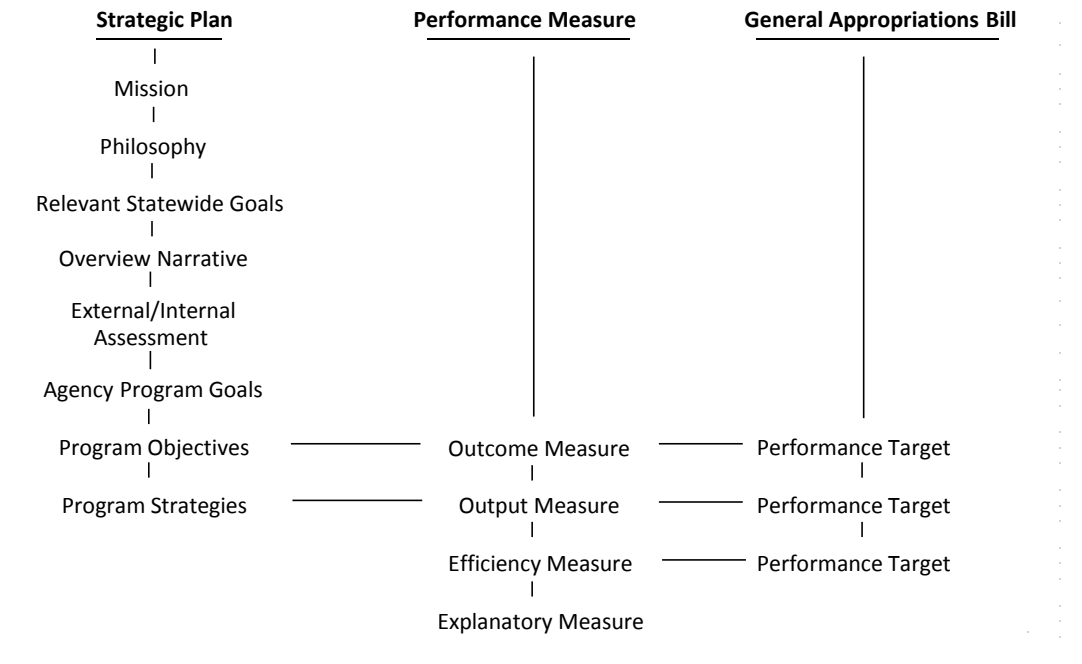
Activity proposed to accomplish program goal

Outcome measure(s) should be listed for each objective

## Program Objective Strategies

A statement of strategy of how the agency will achieve program objective  
Output, efficiency, and explanatory measures should be listed for each strategy

# Strategic Planning and Performance Budgeting System



## Comprehensive Mission Statement for the Agency

- This identifies what the agency does.
- The mission is the reason for the agency's existence
- Agencies should refer to their enabling statute to clearly identify the functions for which they are responsible
- The purpose of a mission statement is to concisely communicate to the public the reason for the agency's existence and to remind agency staff that their daily activities help to meet an important public need

# Comprehensive Mission Statement for the Agency

- The mission statement is a single statement/paragraph that should appear at the beginning of the agency's strategic plan and is the foundation for the rest of the document
- It should be clearly understandable to the public and support the mission contained in the statewide strategic plan

# Comprehensive Mission Statement for the Agency

- At a minimum the mission should answer the following questions:
  - Who are we as an organization and whom do we serve?
  - What are the basic purposes for which we exist, and what basic problems are we established to address?
  - What makes our purpose distinctive?
  - Is the mission in agreement with the agency's enabling statute?

# Agency Philosophy

- “Agency Philosophy” describes how an agency conducts itself when carrying out its mission
- It expresses the core values of an agency and its work
- The philosophy defines an agency’s identity, approach in terms of management style and values in respect to the delivery of government services

# Agency Philosophy

- It is a statement of the relationship between the agency and the public it serves

It might include professional and ethical standards of conduct, including equal opportunity policies and criteria of quality

# Agency Philosophy

- In developing the philosophy, an agency must answer the following questions:
  - How will we conduct ourselves in carrying out our mission?
  - What are our organizational values?

# Relevant Statewide Goals and Benchmarks

- The statewide goals and benchmarks are the origin for developing all other performance activities proposed by a state agency
- They are a declaration of what Mississippi's leadership envisions to accomplish with the resources provided to Mississippi state government
- Each agency is asked to reflect their agency goals and strategies in their own strategic plan to accomplish this vision

# Key Policy Areas

## Statewide Strategic Plan

- Economic Development
- Education
  - Public Schools
  - Higher Education
- Public Safety and Order
- Health

# Key Policy Areas

## Statewide Strategic Plan

- Human Services
- Natural Resources
- Infrastructure
- Government and Citizens

# Conforming Your Plan with the Statewide Plan

- Included with these policy areas are a listing of priority goals and benchmarks
- Decide which of the listed statewide priority goals and benchmarks are relevant to your state agency strategic plan
- Agencies may include these goals and benchmarks if applicable, or craft their own goals, objectives and strategies that support the accomplishment of the statewide elements

# Conforming Your Plan with the Statewide Plan

- Ask how the agency can assist the state in accomplishing the goals and elements that are relevant to them
- State agencies may have multiple key policy areas and many may include more than one key policy goal or benchmark
- The statewide key policy goals and benchmarks that are related to your agency should be incorporated within related program goals, objectives and strategies

# Conforming Your Plan with the Statewide Plan

Your agency:

- may have exact goals, objectives or strategies as listed in the Statewide Plan
  - Use them as-is
- may be close
  - Change current or develop new goals, objectives or strategies
- may not have anything close
  - Try to use broad category goals and objectives such as “Economic Development” or “Public Safety”

# Overview of the Agency 5-Year Strategic Plan

- Sets out the planned direction of the agency for the next five years
- Should include, but not be limited to,
  - a statement of desired agency goals, objectives and strategies for attaining these goals for the 5-year period

# Overview of the Agency 5-Year Strategic Plan

- The narrative should take a “big picture” approach in its description and may reflect agency priorities and funding issues
- Agencies should include any information that will provide a better understanding of where the agency is headed and how the agency plans to get there

# Overview of the Agency 5-Year Strategic Plan

## Funding Issues;

- Indicate in general terms what funding may be necessary (not by major object)
- Don't include "ordinary" increases such as "for inflation", increases in fees from SPB, DFA, or other routine increases
- Emphasize General Fund (or SSSF) needs

# Overview of the Agency 5-Year Strategic Plan

Example:

- “In order to expand our current facilities to serve twenty percent more clients, it is estimated that we will need an additional \$10 million in General Funds the first year, then an additional \$5 million for each year concluding in FY 2019 when the facilities will be at full operation.”

# Overview of the Agency 5-Year Strategic Plan

- You may add a simple supplemental schedule showing needed additional funding per year

Schedule of Funding Needs					
(in Millions \$)					
	2016	2017	2018	2019	2020
New Buildings	5.0	3.0	0.0	0.0	0.0
Additional Staff	2.5	1.0	2.5	2.5	0.0
Operating Costs	2.5	1.0	2.5	2.5	0.0
	10.0	5.0	5.0	5.0	0.0

Note: LBO highly recommends that you include a schedule like this

# Overview of the Agency 5-Year Strategic Plan

## Example:

- “In order to provide more appropriate services to our clients and to operate at a lower cost, we plan to shut down three of our institutional facilities and contract out to providers of services in the community. We estimate that for each of the first two years, we will save \$2.5 million in General Funds, \$2 million in FY 2018 and \$1 million in FY 2019. After all facilities are closed, we will operate with a net savings of \$8 million per year”.

# Overview of the Agency 5-Year Strategic Plan

- You may also show reduced funding needs per year.

Schedule of Funding Needs					
(in Millions \$)					
	2016	2017	2018	2019	2020
Savings from Closed Buildings	(3.0)	(3.0)	(3.0)	0.0	0.0
Staff Cost Savings	(2.5)	(2.5)	(2.0)	(1.0)	0.0
Operating Costs Savings	(1.0)	(1.0)	(1.0)	0.0	0.0
Cost of Community Contracts	4.0	4.0	4.0	0.0	0.0
	(2.5)	(2.5)	(2.0)	(1.0)	0.0

# External / Internal Assessment

- Factors which influence the agency's ability to achieve its targeted performance goals
- An assessment of these external/internal factors will enable the agency to plan for opportunities and challenges presented by forces beyond the control of the agency

# External / Internal Assessment

- These external/internal factors might include, but are not limited to:
  - redirection of agency mission due to a change in state statutes or regulations
  - changes in the economy, changes in availability of federal statute, regulation or funding
  - changes in technology
  - pending litigation
  - environmental impact

# External / Internal Assessment

- changes in the make-up of population served by the agency
- management policies in place
- operational procedures, tracking procedures
- organizational structure
- and any other relevant information

# External / Internal Assessment

- While the availability of state funding is a consideration, in this process it will be more meaningful to identify those external/internal factors which are not directly influenced by financial resources provided by the (state) appropriation process

# External / Internal Assessment

- Please include discussion of any independent audits or reports that your agency completes regarding your performance goals that are reported to outside agencies, including federal grant reporting or contracts. This will allow the reporting of the agency's complete external/internal assessments to the Legislature

# External / Internal Assessment

- The identification of external/internal factors is an ongoing process that is important to the development of each element of an agency's strategic plan

# Required by the Mississippi Performance Budget and Strategic Planning Act of 1994

## **Description of the agency's internal management system utilized to evaluate performance achievements in relationship to targeted performance levels (appropriation bill)**

- Each agency will identify internal management systems used to evaluate its performance
- Same as in prior years - Add to External/Internal Assessment

## Agency's Internal Management System Cont.

- This description of the agency's internal management system will need to include:
  1. Management policies in place
  2. Operational procedures, tracking procedures
  3. Organizational structure
  4. Any other information which will aid the Legislature in understanding how the agency evaluates its performance and how this evaluation impacts the budgeting of funds

# Agency Goals, Objectives, Strategies and Measures by Program

- **Agency Goals** are the general ends toward which agencies direct their efforts
- A goal addresses issues by stating policy intention
- The goal is expressed in a manner that allows a future assessment to be made of whether the goal was or is being achieved
- It is both qualitative and quantifiable, but is not quantified. In other words, it can be measured but a goal does not do the measuring
- Goals stretch and challenge an agency, but they are realistic and achievable

# Agency Goals, Objectives, Strategies and Measures by Program

- The agency will specify expected accomplishments (objectives) and actions (strategies) to achieve those objectives
- The goal element of the strategic plan is typically no more than two sentences per goal and includes the statutory citation(s), or general authorization, that provide authority for the goal (citing the Statewide Strategic Plan is sufficient if appropriate)

# Objectives

- Objectives are the clear targets for the specific action
- They mark quantifiable interim steps toward achieving an agency's long range mission and goals
- Linked directly to agency goals, objectives are measurable statements of intent
- Outcome based performance measurement is important for measuring a program's objective(s)
- They emphasize the results of agency actions at the end of a specific time period (Usually assumed to be a one year period)

# Objectives

- The Mississippi Performance Budget and Strategic Planning Act of 1994, mandates that objectives be provided for each program of the agency for each of the five years covered by the plan
- Each objective is accompanied by a specific measurable **outcome** performance indicator(s)
- The objective is to be realistic and attainable
- Objectives are related to a goal in the order of their priority

# Strategies

- Strategies are methods to achieve goals and objectives
- They are specific courses of action to be taken
- Formulated from goals and objectives, a strategy is the means for transforming inputs into outputs and, ultimately, outcomes with the best use of resources
- A strategy reflects budgetary and other resources

# Strategies

- Each Strategy is accompanied by a specific measurable performance measures(s) i.e.: Output, Efficiency, or Explanatory performance measure
- Strategies must be easily understood by the public
- They appear in the strategic plan under each objective in the order of their priority
- More than one strategy may be required to accomplish a stated objective

# Strategies

Two things to think about:

- Question whether the agency has the authority to pursue the stated strategy
- Question the anticipated costs of implementing a strategy (be realistic)

# Performance Measures

# Performance Measures

Must be:

- Reliable
- Meaningful
- Trackable
- Cost Efficient (to gather)
- Reviewed and Updated
- Timely

## Program Output Measures

- Outputs are the goods and services provided by an agency in order to meet its goals and objectives
- Output measures are the means of quantifying or counting the amount of goods and services produced or provided by an agency
- Output measures track the agency's performance in implementing its strategies

# Program Output Measures

Examples of Program Output Measures:

- Public water systems surveyed and inspected (number of)
- Hunting and fishing licenses sold (number of)
- Paternities established (number of)
- Abuse and neglect investigations conducted (number of)
- Solid waste permits processed (number of)
- Elderly and disabled persons served (number of)
- Recipients enrolled in program (number of)
- Amount of state matching funds awarded (dollars)
- Heroin seized by law enforcement (pounds)

# Program Outcome Measures

- Outcomes are assessments of the result, effect or consequence that will occur from carrying out a program or activity compared to its intended purpose
- They are tools to assess the effectiveness of an agency's performance and the public benefit derived from it
- Outcomes are the results, or effects, of government action or policy

# Program Outcome Measures

- Performance can be determined by comparing actual outcomes to targeted outcome objectives of the agency
- An outcome measure shows how the agency's action will affect a particular target group or issue area indicated in the objective

# Program Outcome Measures

## Examples of Program Outcome Measures:

- Public water systems in compliance with EPA standards (percentage)
- Offender recidivism rate within 12 months (percentage)
- Released Offenders Finding Jobs in Vocation Studied (percentage)
- Reduction in deaths per mile of interstate highway from previous year (percentage)
- Mississippians living in areas where air meets federal air quality standards (percentage)
- Decrease in the rate of Tuberculosis in the population (percentage)
- Persons rehabilitated and holding a job for at least 6 months (percentage or number of)

# Outputs Verses Outcomes

- The differences between outcome measures and output measures are shown in the following examples:
- The number of patients treated and discharged from a state mental hospital (output measure) is not the same as the percentage of discharged patients who are capable of living independently (outcome measure)
- The number of vaccinations given (output measure) is not an indicator of the incidence of the disease in the population (outcome measure)

# Program Efficiency Measures

- Efficiency measures are the ratios that identify the effectiveness or productivity of a program
- Program efficiency measures are expressed in a quantifiable form and indicate an agency's operational efficiency
- Program Efficiency measures are generally expressed in unit costs, units of time, or other ratio-based units associated with producing a desired outcome or output

# Program Efficiency Measures

Examples of Program Efficiency Measures:

- Average cost to inspect a public water system (Dollars)
- Average cost per hunting license to issue (Dollars)
- Time to issue hunting license by contracted vendor (Days)
- Frequency of each public water system inspection (Years Between Inspection)
- Average time to approve or deny air quality permits (Days)
- Average caseload per social worker in the foster care program (Cases per Worker)
- Cost to house inmate per day – maximum security (Dollars)

# Explanatory Measures

- (New element for Mississippi)
- “**Explanatory Measures**” are quantitative indicators that provide additional information that contributes to the understanding of an agency’s operating environment and those areas that are not controlled by the agency
- Whereas agency external/internal assessments contain narrative explanatory information, **explanatory measures are specific quantitative indicators** that can:
  - help users understand other reported measures
  - assess the entity’s performance
  - evaluate the significance of underlying factors that may have affected the reported performance, including the unintended effects of a service

# Explanatory Measures

## Examples of Explanatory Measures:

- Number of Complaints Received by the Agency
- Reduction in federal funding (dollars)
- Costs of implementing federal mandates (dollars)
- Number of severe storms
- Number of increased non-state sources for a service (competition)
- Increased percentage in the state unemployment rate
- Increase in caseload due to immigration

# Action Plans

- Action Plans are detailed methods specifying how a strategy is to be implemented
- The agency's action plans are input-oriented and will spell out who is responsible for the required tasks for each strategy and when the tasks will be completed
- They generally address a shorter time frame (two years or less) for action rather than the strategic plan's 5 year coverage

# Action Plans

- Action plans include a description of each task, the resource and fiscal requirements of each task, and an identification of the agency division (or even personnel) responsible for implementation
- Action plans provide a basis for managing an agency's day-to-day operations
- Often referred to as “operational plans” or “implementation plans”

# Action Plans

- Action plans are maintained by the agency and
- **are not submitted in the strategic plan**
- These are internal documents for your agency's use only

# Concluding Remarks

- This is an evolving process
- We anticipate that there may be problems and unanswered questions (consult your budget analyst)
- We just ask you to do the best you can
- Over time, your Strategic Plans will improve (they may be very good right now)

# Submitting the Plan

- With the completed 5-Year Strategic Plan, please submit **FY 2016 performance measures** data that would have been submitted in your FY 2016 Budget Request if this Strategic Plan had been available prior to August 1<sup>st</sup>
- Prepare this information in the same format used in the annual budget request document
- Also, please send a PDF copy of your 5-Year Strategic Plan and performance measurement data to the Legislative Budget Office

# Submitting the Plan

- Use your Agency's Budget Name and Number in both the name of the PDF document and in the subject line of your e-mail i.e.:
  - "Division of Medicaid 328-00"
- If you are submitting a plan for multiple budget units, separate the numbers by spaces i.e.:
  - "Human Services 651-00 571-00 651-02 651-09 651-12 etc."
- Send to: [strategic@lbo.ms.gov](mailto:strategic@lbo.ms.gov)

# Submitting the Plan

- The agency 5-year strategic plan will be due **October 31, 2014** with the following distribution:
  - **16** copies to the Legislative Budget Office
  - **2** copies to the Department of Finance and Administration, Office of Budget and Fund Management

LBO Website:

**<http://www.lbo.ms.gov>**

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Instructions with example, and Mississippi Statewide Strategic Plan:  
[http://www.lbo.ms.gov/index\\_files/abrs/reqforms/Strategic\\_Plan\\_Instructions\\_FY2016-2020.pdf](http://www.lbo.ms.gov/index_files/abrs/reqforms/Strategic_Plan_Instructions_FY2016-2020.pdf)

Note: This presentation will also be posted on the LBO website.